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Michael N. Milby, Clerk

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:

STERLING AFFILIATES, LTD.

Case No. 02-37578-H4-11

(Debtor)

(Chapter 11)

**LIMITED OBJECTION AND CLARIFICATION OF TEXAS WELDER'S SUPPLY CO.,
INC. TO DEBTOR'S FIRST AMENDED LIQUIDATING CHAPTER 11 PLAN, AS
MODIFIED**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE AND TO ALL PARTIES IN
INTEREST:

COMES NOW, TEXAS WELDERS SUPPLY CO., INC. ("TWSCO") and files this its
Limited Objection to the Debtor's First Amended Liquidating Chapter 11 Plan, As Modified,
showing unto this Court the following pursuant to Rule 3020(b)(1):

1. TWSCO has timely filed a Proof of Claim on July 24, 2002 and First Supplement to Proof
of Claim on August 2, 2002 consisting of the following components:

Proof of Claim

\$126,127.58 balance due on three accounts (of which \$8,606.62 is a reclamation
claim entitled to lien status or administrative priority pursuant to 11
U.S.C. 546(c) and 503(b) and which will be addressed by an
application for an administrative claim filed within 30 days of
confirmation, according to the procedure set forth in the Debtor's
plan.)

\$ 23,555.69 Purchase Agreement dated September 21, 2001, a Sales Agreement
dated November 2, 1999, and a Sales Agreement dated March 9, 2001
for gas products contracted for but not yet delivered and paid for.

First Supplement to Proof of Claim

\$6,165. Additional prepetition equipment rental.

2. Debtor's First Amended Liquidating Chapter 11 Plan, as Modified, appears to only list the \$126,127.58 component, but not the \$23,555.69 nor the \$6165. components. TWSCO believes this is a simple oversight but wishes for the plan to be clarified accordingly so that TWSCO and Debtor can either agree to allow TWSCO's claims or resolve same through the claim objection process.

3. Additionally, the prepetition cure amount for executory contracts with TWSCO is as follows:

TWSCO Purchase Agreement dated September 21, 2001	\$20,603.45
TWSCO Sales Agreement and Product Supply Agreement, Schedule "A" each dated December 2, 1999	*\$ 5,958.78
TWSCO Sales Agreement and Product Supply Agreement, Schedule "A" each dated March 9, 2001	<u>*\$ 9,417.46</u>
Total Arrearage or "Cure Amount"	\$35,979.69

* (Already included in original proof of claim amount of \$126,127.58)

Debtor's Exhibit B-1 and B-2 for executory contracts to be accepted or rejected should be amended by the Debtor accordingly since (through no fault of the Debtor) the cure amount was incorrectly listed on Exhibit B-1 as zero. The Debtor will no doubt wish to either (i) amend to include the TWSCO cure amount as assumed on Exhibit B-1, or (ii) amend to include one or more of the TWSCO contracts as rejected on Exhibit B-2. TWSCO certainly hopes the Debtor will assume all the TWSCO contracts, but the plan should be clarified in this regard either way.

4. TWSCO is casting its ballot in favor of the plan, conditioned upon and subject to the requested clarifications.

WHEREFORE, PREMISES CONSIDERED, TWSCO requests that the Debtor and parties in interest take notice of these requested clarifications and that the Debtor's plan be amended and confirmed accordingly.

Respectfully submitted:

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Proof of Service

I certify that I forwarded a true and correct copy of the foregoing document to the following on the 2nd day of December 2002 by first class United States mail addressed as follows or by fax:

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